
REPORT FOR: CABINET

Date of Meeting:	15 February 2018
Subject:	Approval of Amended Business Rates Income Resource Base for 2018 – 2019 in light of a London Pool pilot having been agreed
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance
Portfolio Holder:	Adam Swersky, Portfolio Holder for Finance and Commercialisation
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	None

Section 1 – Summary and Recommendations

The Local Government Finance Act 1988 places a duty on the authority to calculate the business rates for the area annually as part of its budget setting process.

This report amends the earlier estimates of the business rates yield for 2018-2019, as agreed by Cabinet on the 7/12/17, in light of Government having agreed a London Business Rates Pool and updated NDR figures.

Recommendations:

That Cabinet considers the information given in this report and agrees:

1. To replace the figures previously agreed by Cabinet on the 7/12/17 with those set out below.

		£m
	Projected NDR Income 2018/19	53.810
Less	Payable to the Greater London Authority (36%)	(19.371)
Equals	Amount to be retained by Harrow (64%)	34.439

Reason:

To fulfil the Council's statutory obligation to provide estimates and calculations in relation to NDR for 2018-2019.

Section 2 – Report

1 Introduction

1.1 The Autumn Budget 2017 confirmed government commitment to the London Business Rates retention pilot for 2018/19. This was formally confirmed in a Memorandum of Understanding on the London 100% business rates retention pilot 2018/19 signed by the Mayor, the Chair of London Councils, the Minister for London and Secretary of State for Communities and Local Government.

1.2 From 1 April 2018 London authorities will retain 100% of their non-domestic rating income. Harrow will retain 64% and, the GLA will retain 36%.

1.3 As such it is necessary to revise the rate retention figures to take into account the change, which has been done using the latest NDR figures.

1.4 Harrow's Revised National Non Domestic (NDR) retained amount for 2018/19 under 100% Rate Retention Pilot

1.5 The calculation of Harrow's NDR income figure for 2018/19 and for the formal outturn is therefore as follows;

Projected NDR income calculation for 2018/19

Using current year data (2017 List @ 27/12/2017)

Local Authority	Harrow		
	£m		
Gross Rateable value - Rating List 2018	141,692,216	a	
Small Business Rate Multiplier 2018/19	0.466	b	
Inflation Assumption / CPI @ Sept 2017	3.00%	c	
Assumed Small Business Rate Multiplier 2018/19	0.480	d	b x c(+b)
Notional gross yield figure	68,009,430	e	a x d
Less In year RV fluctuations - 1.00%	0		
Expected Notional gross yield figure	68,009,430	e	
Losses due to Small business rate relief	5,050,000	f	
Change in notional gross yield	3.00%	g	
Projected small business rate relief 2018/19	5,201,500	h	f x g
Losses due to Empty property exemptions	1,460,000	i	
Change in notional gross yield	3.00%	j	
Projected Empty property exemptions 2018/19	1,503,800	k	i x j
Losses due to Mandatory relief	5,330,000	l	
Change in notional gross yield	3.00%	m	
Projected Mandatory Relief 2018/19	5,489,900	n	l x m
Losses due to Discretionary relief	40,000	o	
Change in notional gross yield	3.00%	p	
Projected Discretionary Relief 2018/19	41,200	q	o x p
Additional Yield generated from SBR supplement	-900,000		
Less Cost of collection	244,000		
	-656,000	r	
Projected contribution to the pool	56,429,030	s	e-h-k-n-q-r
Losses in collection 2%	1,128,581	t	
Losses due to appeals	1,000,000	u	
Losses due to Enterprise Zones	0	v	
Gain due to Renewable Energy schemes	0	w	
Gain due to New Developments	0	x	
Net Transitional relief (gain) - IGNORE	0	y	
Net contribution to the pool	54,300,449	z	s- t-u-v-w-x
Less Other Reductions - DCLG S31 Initiatives	490,000		
Contribution to pool	53,810,449		
Less GLA Transport (36%)	-19,371,762		
Equals Harrow NDR Income retained (64%)	34,438,688		

2.1 Legal Implications

The legal comments entered in paragraphs 2.16 to 2.19 of the 7/12/18 Cabinet report still apply. This supplementary report simply changes the retention percentages in light of further details following the agreed London Pool for the financial year 2018/19 and updated NDR figures.

2.2 Financial Implications

The retained amount for Business Rates has been determined to be **£34.439m** and this amount will be reflected in the Council's Final Revenue Budget for 2018-19.

2.3 Environmental Impact

None

2.4 Equalities implications

None

2.5 Corporate Priorities

The Business Rates Baseline allows the Council to raise local funding which is fundamental in supporting all corporate priorities as Business Rates Retention is a key element of the Council's overall budget.

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 16 January 2018		
Name: Baljeet Virdee	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 15 January 2018		

Ward Councillors notified:	NO
EqIA carried out:	No
EqIA cleared by:	N/A

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

None

**Call-In Waived by the
Chairman of Overview
and Scrutiny Committee**

NOT APPLICABLE

[Call-in applies]